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**BULLETIN NO. 10  
INFLATION RATE  
NOVEMBER 1, 2007**

**TO:** Assessors  
Equalization Directors

**FROM:** State Tax Commission

**RE:** INFLATION RATE MULTIPLIER FOR USE IN THE 2007 CAPPED  
VALUE FORMULA AND THE 2007 "HEADLEE" MILLAGE  
REDUCTION FRACTION (MRF) FORMULA

**A) Inflation Rate Multiplier Used in the 2007 Capped Value Formula**

The inflation rate, expressed as a multiplier, to be used in the 2007 Capped Value Formula is **1.037**.

The 2007 Capped Value Formula is as follows:

**2007 CAPPED VALUE = (2006 Taxable Value – LOSSES) X 1.037 +  
ADDITIONS**

The formula above does not include 1.05 because the inflation rate multiplier of **1.037** is lower than 1.05.

**B) Inflation Rate Multiplier Used in 2007 "Headlee" Calculations**

The inflation rate multiplier of 1.037 shall ALSO be used in the calculation of the 2007 "Headlee" Millage Reduction Fraction required by Michigan Compiled Law (MCL) 211.34d.

The formula for calculating the 2007 "Headlee" Millage Reduction Fraction (MRF) is as follows:

**2007 MRF =  $\frac{(2006 \text{ Taxable Value} - \text{LOSSES}) \times 1.037}{2007 \text{ Taxable Value} - \text{ADDITIONS}}$**

- C) **The following is a listing of the inflation rate multipliers used in the Capped Value and "Headlee" calculations since the start of Proposal A:**

1995	1.026
1996	1.028
1997	1.028
1998	1.027
1999	1.016
2000	1.019
2001	1.032
2002	1.032
2003	1.015
2004	1.023
2005	1.023
2006	1.033
2007	1.037